

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 TRSE-00 L-02 EA-06 SR-02 ORM-01

SS-15 SP-02 JUSE-00 NSC-05 CIAE-00 INR-07 NSAE-00

SCA-01 ITF-05 /060 W

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P 071319Z MAY 75

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC PRIORITY 8827

C O N F I D E N T I A L MONTEVIDEO 1500

E.O. 11652: XGDS-4 EXCEPT AS OTHERWISE INDICATED.

TAGS: SREF, EFIN, CB, UY

SUBJ: CAMBODIAN EMBASSY SITUATION

REF: A) STATE 102400; B) MVD 1420, C) MVD 1386

DEPARTMENT PASS TREASURY, FOREIGN ASSETS CONTROL, AS APPROPRIATE

1. BEGIN GDS. SUMMARY: SITUATION OF CAMBODIAN DIPLOMATS
HERE IS STILL UNRESOLVED AND THREATENS TO WORSEN CONSIDERABLY IN
NEXT FEW DAYS AS THEY RUN OUT OF FUNDS. BLOCKING OF FNCB'S DOLLAR
ACCOUNT WILL LEAVE THEM DESTITUTE, AS WELL AS CREATE SITUATION OF
POTENTIAL CONFRONTATION BETWEEN U.S. AND URUGUAY ON SOVEREIGNTY
GOUNDS.

ACTION REQUESTED: URGENT WASHINGTON DECISIONS NEEDED ON
PERMITTING DOLLAR WITHDRAWALS AND ON ASYLUM REQUEST. END SUMMARY.

2. SITUATION HERE WITH RESPECT TO CAMBODIANS COULD WELL HAVE ADVERSE
REPERCUSSIONS IN NEXT FEW DAYS. LOCAL FNCB MANAGER TELLS US HE
UNDER CLEAR INSTRUCTIONS FROM NEW YORK TO BLOCK KHMER EMBASSY
DOLLAR ACCOUNT AND, WHEN NEXT WITHDRAWAL REQUEST COMES, HE CAN
DELAY FOR A FEW HOURS BUT THEN MUST INFORM CAMBODIANS OF BLOCKING.
FNCB LAWYERS HAVE INFORMED BANK THAT BLOCKING WOULD BE ILLEGAL
WITHOUT COURT ORDER. ALSO, THE FOREIGN MINISTRY INFORMALLY TOLD
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FNCB THAT BLOCKING WOULD "BE CONSIDERED AN INFRINGEMENT ON THE

SOVEREIGN RIGHTS OF URUGUAY AND CAMBODIA AND WOULD BE GROUNDS FOR CITY BANK EXPLUSION FROM THE COUNTRY."

3. WE ASSUME CAMBODIANS WILL SOON ATTEMPT TO DRAW FUNDS AS BANK STATES THEY PAY THEIR STAFF AND LIVING EXPENSES EARLY IN THE MONTH. BLOCKING OF DOLLAR ACCOUNT WILL LEAVE CAMBODIANS WITHOUT FUNDS AS PESO ACCOUNT HAS ONLY NOMINAL BALANCE. THEY COULD BE EXPECTED TO RAISE THE MATTER PROMPTLY WITH THE GOU WHICH PROBABLY WOULD CONSIDER ACTION AGAINST THE BANK AND CERTAINLY REQUIRE AN EXPLANATION FROM US. GIVEN LOCAL SYMPATHY FOR SITUATION OF CAMBODIANS HERE WE WOULD BE HARD PRESSED TO COME UP WITH A RESPONSE WHICH WOULD NOT RESULT IN REACTION AGAINST USG ON LEGAL AS WELL AS HUMANITARIAN GROUNDS. WHILE WE CAN URGE GOU NOT TO TAKE ANY HASTY ACTION PENDING OUR RESOLUTION OF PROBLEMS POSED, WE DOUBT THAT GOU WOULD BE DISPOSED SIT BACK FOR LONG IF AT ALL WHERE SOVEREIGNTY ISSUE INVOLVED.

4. WE ARE UNSURE WHETHER KHMER EMBASSY ACCOUNT FITS WITHIN PURVIEW OF PARA 3, REFTEL A. END GDS. BEGIN XGDS-4. WHILE NO CAMBODIAN IN URUGUAY HAS DECLARED ALLEGIANCE TO NEW REGIME IN PHNOM PENH, AMBASSADOR ONG IS HOPING FOR A COALITION TO EMERGE. HE HAS, HOWEVER, STATED HE WOULD NOT SERVE A COMMUNIST REGIME. SOM AND CUN WANT ASYLUM IN THE U.S. AND THAILAND, RESPECTIVELY. IT IS WORTH NOTING ALSO THAT ONG IS USING FUNDS TO SUPPORT ENTIRE STAFF (26, INCLUDING DEPENDENTS), AND NOT ONLY HIS HOUSEHOLD. END XGDS-4.

5. WE DO NOT BELIEVE THAT MAINTAINING FREEZE ON THIS \$10,000 ACCOUNT WOULD BE IN U.S. INTEREST. FIRST, IT CREATES CONFRONTATION SITUATION WITH GOU AND POSSIBLY JEOPARDIZES OTHER INTERESTS SUCH AS AINING GOU RECEPTIVITY FOR RESETTLEMENT VIETNAMESE REFUGEES. SECOND, IT COULD RESULT IN THE EXPLUSION OF A U.S. BANK FROM URUGUAY. THIRD, IT WOULD SOON PLACE THE CAMBODIANS IN VIRTUAL DESTITUTION, WHICH BRINGS US BACK TO THE ORIGINAL PROBLEM--RELOCATION. EVEN IF THE ACCOUNT WERE TO BE UNBLOCKED, THE 26 CAMBODIANS CANNOT LONG SURVIVE HERE WITH ANY DEGREE OF DIGNITY. FOR THEMANY REASONS DESCRIBED IN PREVIOUS TRAFFICE, WE REPEAT OUR REQUEST FOR A PROMPT AND FORTHCOMING RESPONSE TO THEIR PLEAS FOR ASYLUM.

6. WITH REGARD TO UNBLOCKING, WE BELIEE THIS SHOULD BE PERMITTED
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IMMEDIATELY FOR HUMANITARIAN REASONS AND FOREIGN POLICY IMPLICATIONS. IF WE CAN PERMIT WITHDRAWALS OF, SAY \$1000 PER WEEK, THIS WILL ALLOW PAYMENT OF MINIMAL EXPENSES. ON THE OTHER HAND THE \$10,000 BALANCE IS SO SMALL THAT UNBLOCKING ENTIRE AMOUNT COULD BE FULLY JUSTIFIED ON HUMANITARIAN AND FOREIGN POLICY GROUNDS, AND THIS IS OUR RECOMMENDATION.
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